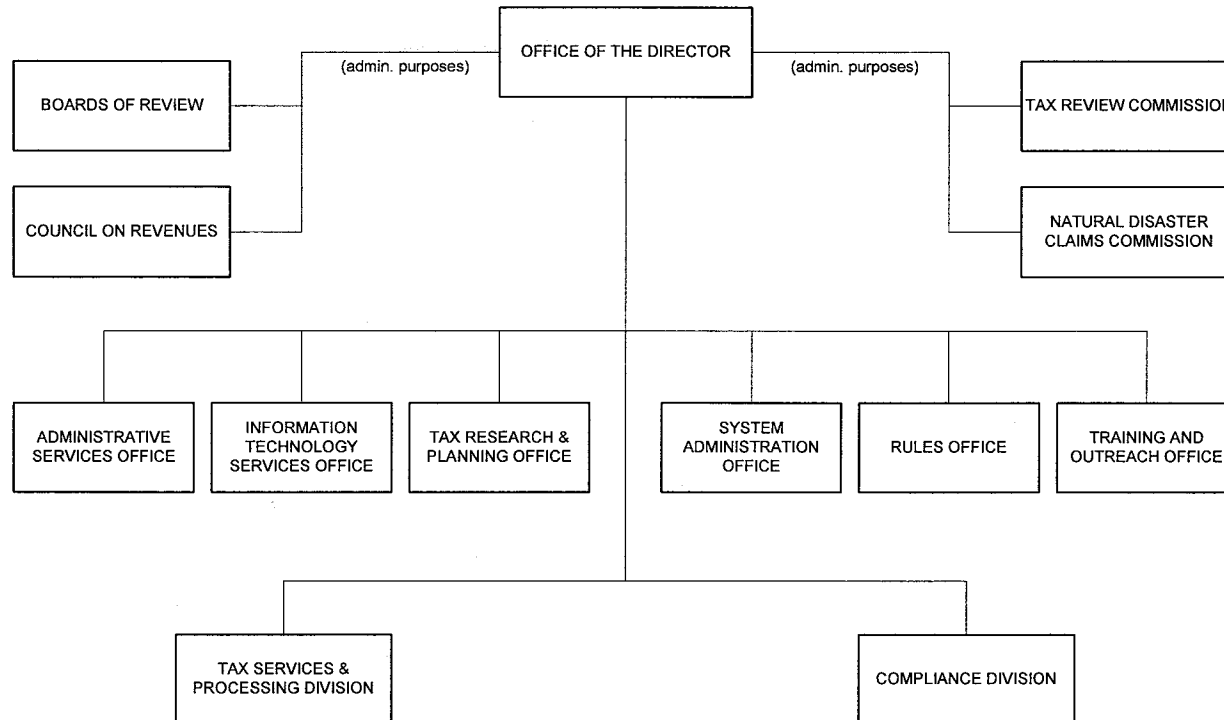




**Department of Taxation**



STATE OF HAWAII  
DEPARTMENT OF TAXATION  
ORGANIZATION CHART



## **DEPARTMENT OF TAXATION MAJOR FUNCTIONS**

- Administers and enforces the tax laws of Hawaii and the collection of taxes and other payments.
- Coordinates a centralized system for receiving and processing of all tax returns, payments and documents.
- Provides one-stop customer service, assistance and information on all taxes administered by the department to customers who walk in, call-in, correspond or e-mail.
- Administers a comprehensive and uniform compliance program based on self-assessment and voluntary compliance.
- Conducts audits and investigations of all types of tax returns.
- Conducts and enforces collection of delinquent taxes by appropriate collection procedures.
- Plans, organizes and coordinates a tax research and tax planning program.
- Provides administrative and research support to the Council on Revenues which prepares revenue estimates for the State on a quarterly basis.

## **MAJOR PROGRAM AREAS**

The Department of Taxation has a program in the following major program area:

### **Government-Wide Support**

TAX 100	Taxation
TAX 105	Tax Services and Processing
TAX 107	Supporting Services – Revenue Collection

# DEPARTMENT OF TAXATION

## Department Summary

### ***Mission Statement***

To administer the tax laws of the State of Hawaii in a consistent, uniform and fair manner by educating taxpayers on tax laws, by developing a professional staff and by using technology to increase efficiency and effectiveness.

### ***Department Goals***

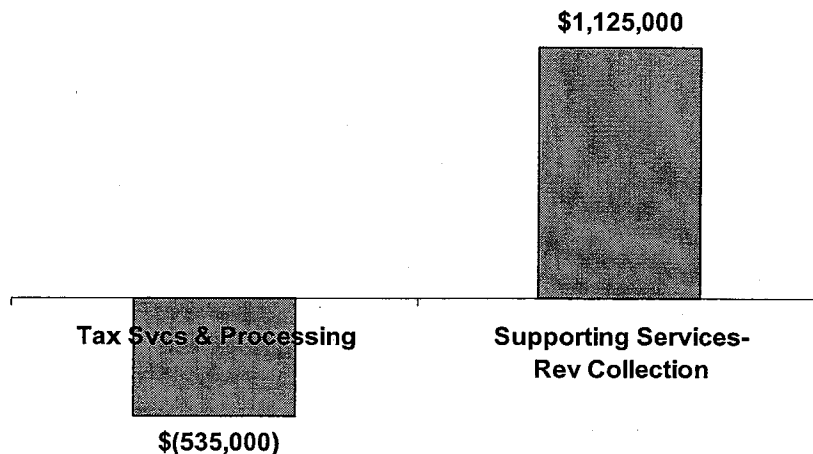
To provide one-stop customer service; to increase collection capabilities through efficient allocation of resources; to simplify taxpayer filings, provide a more user-friendly interface with the public, speed up refunds and expedite delinquent referrals; to automate tax filings, billings and collections; to expand capacity for research and revenue analysis; to permit more flexibility in accommodating tax law changes and initiatives to improve tax administration.

### ***Significant Measures of Effectiveness***

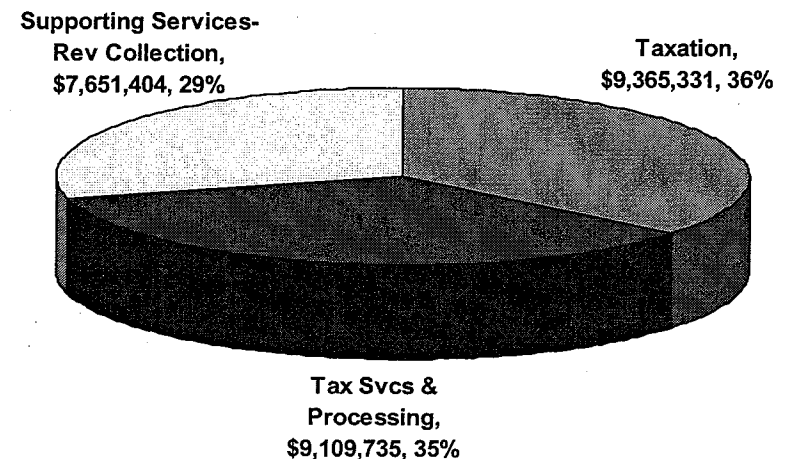
1. Average call answer rate
2. Percent of tax returns audited resulting in adjustments
3. Average business days to deposit checks received from taxpayers

<u>FY 2008</u>	<u>FY 2009</u>
80	80
85	85
17	17

### **FY 2009 Supplemental Operating Budget Adjustments by Major Program**



### **FY 2009 Supplemental Operating Budget**



**Department of Taxation**  
(Operating Budget)

		Act 213/2007 FY 2008	Act 213/2007 FY 2009	FY 2009 Adjustments	Total FY 2009
<b>Funding Sources:</b>	Positions	404.50	404.50	1.00	405.50
General Funds	\$	25,353,566	25,084,470	590,000	25,674,470
Special Funds		452,000	452,000	0	452,000
		404.50	404.50	1.00	405.50
<b>Total Requirements</b>		25,805,566	25,536,470	590,000	26,126,470

**Highlights of the Executive Supplemental Budget Request:** (general funds unless noted)

1. Add \$90,000 for the network backbone upgrade to reduce backup times.
2. Add \$233,000 for the County Surcharge to purge/archive data, automate categories or errors to eliminate the need to manually address these items, and to address compliance issues.
3. Add \$267,000 to enable on-line filing for 3 tax forms (HW-3, N-20, and N-30) in the aim of achieving the Governor's paperless by 2010 initiative.

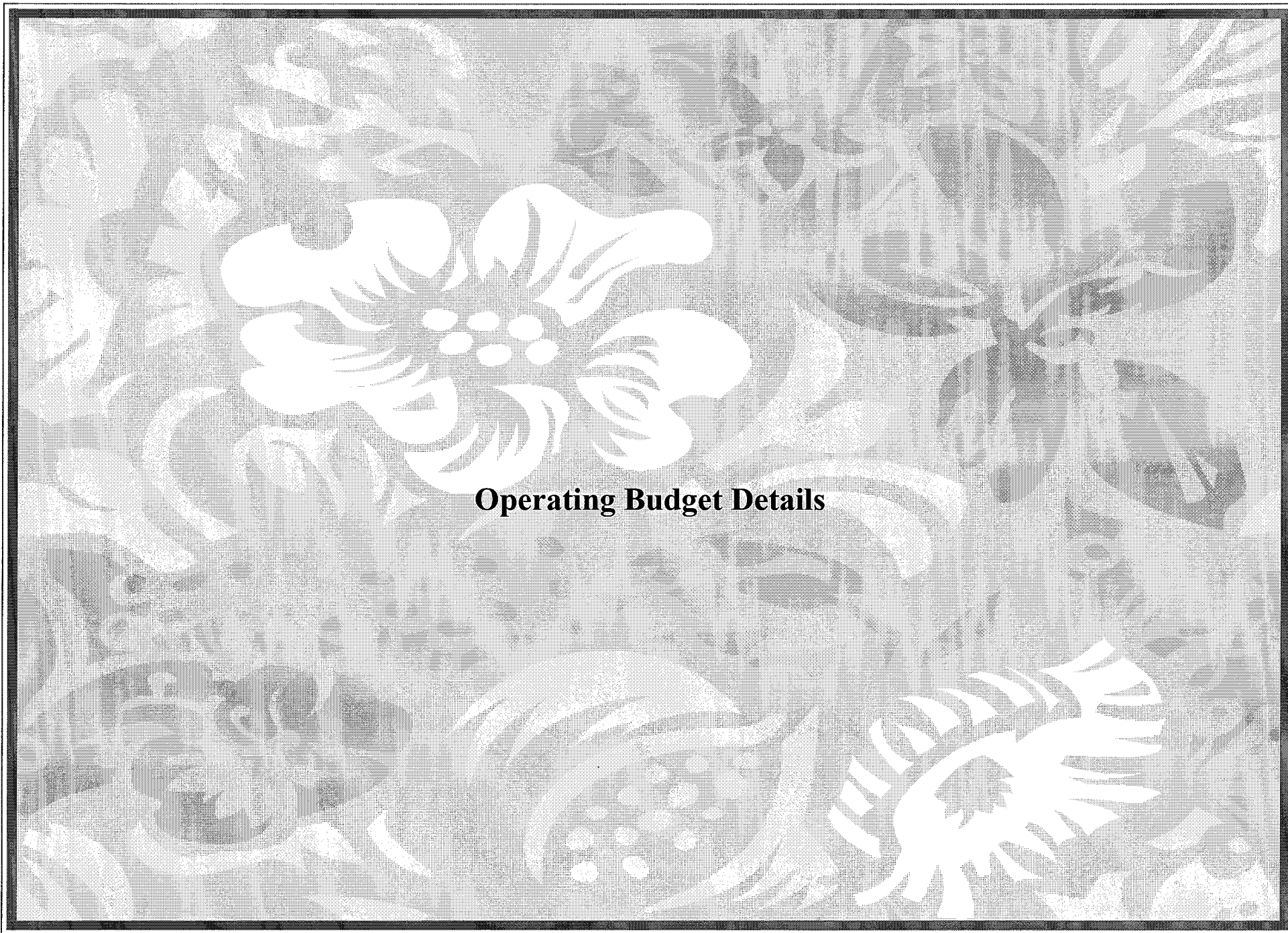
**Department of Taxation**  
**(Capital Improvements Budget)**

	Act 213/2007 FY 2008	Act 213/2007 FY 2009	FY 2009 Adjustments	Total FY 2009
<b>Funding Sources:</b>				
General Obligation Bonds	---	---	---	---
Federal Funds				
<b>Total Requirements</b>	0	0	0	0

**Highlights of the Executive Supplemental CIP Budget Request:** (general obligation bonds unless noted)  
None.

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## **Operating Budget Details**



**EXECUTIVE SUPPLEMENTAL BUDGET  
(IN DOLLARS)**

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PROGRAM ID: **TAX-**  
PROGRAM STRUCTURE NO: **11**  
PROGRAM TITLE: **GOVERNMENT-WIDE SUPPORT**

PROGRAM COSTS	FY 2008			FY 2009			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	404.50*	*	404.50*	404.50*	1.00*	405.50*	*	*	*
PERSONAL SERVICES	19,452,210		19,452,210	19,504,141		19,504,141	38,956,351	38,956,351	
OTH CURRENT EXPENSES	5,798,534		5,798,534	5,708,329	590,000	6,298,329	11,506,863	12,096,863	
EQUIPMENT	554,822		554,822	324,000		324,000	878,822	878,822	
TOTAL OPERATING COST	25,805,566		25,805,566	25,536,470	590,000	26,126,470	51,342,036	51,932,036	1.15
BY MEANS OF FINANCING	404.50*	*	404.50*	404.50*	1.00*	405.50*	*	*	*
GENERAL FUND	25,353,566		25,353,566	25,084,470	590,000	25,674,470	50,438,036	51,028,036	
SPECIAL FUND	452,000		452,000	452,000		452,000	904,000	904,000	
TOTAL POSITIONS	404.50*	*	404.50*	404.50*	1.00*	405.50*			
TOTAL PROGRAM COST	25,805,566		25,805,566	25,536,470	590,000	26,126,470	51,342,036	51,932,036	1.15

**EXECUTIVE SUPPLEMENTAL BUDGET  
(IN DOLLARS)**

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PAGE 388

PROGRAM ID: **TAX-105**  
PROGRAM STRUCTURE NO: **11020103**  
PROGRAM TITLE: **TAX SERVICES AND PROCESSING**

PROGRAM COSTS	FY 2008			FY 2009			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	138.00*	*	138.00*	138.00*	*	138.00*	*	*	*
PERSONAL SERVICES	6,280,502		6,280,502	6,330,368		6,330,368	12,610,870	12,610,870	
OTH CURRENT EXPENSES	1,866,538		1,866,538	1,654,367	535,000-	1,119,367	3,520,905	2,985,905	
EQUIPMENT	128,322		128,322				128,322	128,322	
<b>TOTAL OPERATING COST</b>	<b>8,275,362</b>		<b>8,275,362</b>	<b>7,984,735</b>	<b>535,000-</b>	<b>7,449,735</b>	<b>16,260,097</b>	<b>15,725,097</b>	<b>3.29-</b>
BY MEANS OF FINANCING	138.00*	*	138.00*	138.00*	*	138.00*	*	*	*
GENERAL FUND	8,275,362		8,275,362	7,984,735	535,000-	7,449,735	16,260,097	15,725,097	
TOTAL POSITIONS	138.00*	*	138.00*	138.00*	*	138.00*			
<b>TOTAL PROGRAM COST</b>	<b>8,275,362</b>		<b>8,275,362</b>	<b>7,984,735</b>	<b>535,000-</b>	<b>7,449,735</b>	<b>16,260,097</b>	<b>15,725,097</b>	<b>3.29-</b>

**Narrative for Supplemental Budget Requests  
FY 2009**

Program ID: TAX 105

Program Structure Level: 11 02 01 03

Program Title: Tax Services and Processing

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**A. Program Objective**

To process all tax documents received in the most efficient and expeditious manner possible; maintain accurate accounting records for all tax programs; and promote voluntary taxpayer compliance through timely delivery of information, forms, and responses to questions and inquiries.

**B. Description of Request**

The Tax Services and Processing Division requests transfer of the \$535,000 annual postage budget to TAX 107 – Supporting Services Revenue Collection.

**C. Reasons for Request**

Transfer of the annual postage budget to TAX 107 – Supporting Services Revenue Collection is requested to address universal departmental needs and increase efficiency.

**D. Significant Changes to Measures of Effectiveness and Program Size**

None.

**EXECUTIVE SUPPLEMENTAL BUDGET  
(IN DOLLARS)**

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PROGRAM ID: **TAX-107**  
PROGRAM STRUCTURE NO: **11020104**  
PROGRAM TITLE: **SUPPORTING SERVICES - REVENUE COLLECTIONS**

PROGRAM COSTS	FY 2008			FY 2009			BIENNIUM TOTALS		
	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT APPRN	ADJUSTMENT	RECOMMEND APPRN	CURRENT BIENNIUM	RECOMMEND BIENNIUM	PERCENT CHANGE
OPERATING	71.00*	*	71.00*	71.00*	1.00*	72.00*	*	*	*
PERSONAL SERVICES	4,400,800		4,400,800	4,401,237		4,401,237	8,802,037	8,802,037	
OTH CURRENT EXPENSES	3,369,509		3,369,509	3,485,167	1,125,000	4,610,167	6,854,676	7,979,676	
EQUIPMENT	402,500		402,500	300,000		300,000	702,500	702,500	
<b>TOTAL OPERATING COST</b>	<b>8,172,809</b>		<b>8,172,809</b>	<b>8,186,404</b>	<b>1,125,000</b>	<b>9,311,404</b>	<b>16,359,213</b>	<b>17,484,213</b>	<b>6.88</b>
BY MEANS OF FINANCING	71.00*	*	71.00*	71.00*	1.00*	72.00*	*	*	*
GENERAL FUND	7,720,809		7,720,809	7,734,404	1,125,000	8,859,404	15,455,213	16,580,213	
SPECIAL FUND	452,000		452,000	452,000		452,000	904,000	904,000	
<b>TOTAL POSITIONS</b>	<b>71.00*</b>	<b>*</b>	<b>71.00*</b>	<b>71.00*</b>	<b>1.00*</b>	<b>72.00*</b>			
<b>TOTAL PROGRAM COST</b>	<b>8,172,809</b>		<b>8,172,809</b>	<b>8,186,404</b>	<b>1,125,000</b>	<b>9,311,404</b>	<b>16,359,213</b>	<b>17,484,213</b>	<b>6.88</b>

Narrative for Supplemental Budget Requests  
FY 2009

Program ID: TAX 107

Program Structure Level: 11 02 01 04

Program Title: Supporting Services - Revenue Collection

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**A. Program Objective**

To enhance the Department's effectiveness and efficiency in implementing tax programs for formulating policies, allocating resources and providing direction to operations; and to improve the State's policy and decision-making process by providing timely and accurate tax data and interpretive information.

**D. Significant Changes to Measures of Effectiveness and Program Size**

None.

**B. Description of Request**

The Supporting Services - Revenue Collection program is requesting:

1. Critical IT hardware
2. Funding for County Surcharge Tax Administration
3. Converting a temporary personnel Clerk Typist III to permanent
4. Transferring the postage budget from TAX 105 Tax Services and Processing
5. Funding to support the Governor's initiative to go paperless by 2010.

**C. Reasons for Request**

Reasons for the requests are as follows:

1. To allow automated backup of the ITIMS IIS
2. To provide production support for County Surcharge Tax Administration
3. Position deals with sensitive and confidential information including SSN, drug testing results, arrest records, etc. on a regular basis.
4. To address universal departmental needs and increase efficiencies
5. To provide electronic filing for forms HW3, N20 and N30.

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